

COMMENTS OF THE LOW INCOME UTILITY ADVOCACY PROJECT
TO THE ILLINOIS COMMERCE COMMISSION
REGARDING THE GOVERNOR=S SUSTAINABLE ENERGY PLAN
MARCH 21, 2005

The Low Income Utility Advocacy Project (ALIUAP@) makes the following comments on the Governor=s Sustainable Energy Plan. The Plan shows great promise both in terms of renewable energy and energy efficiency. Low income utility consumers in Illinois will benefit from each of these programs. Because the needs of low income households are different from other residential consumers in the energy efficiency area, LIUAP will limit its comment so that aspect of the Governor=s Plan.

UNIQUE BARRIER PREVENT LOW INCOME CUSTOMERS
FROM PARTICIPATING IN COST BENEFICIAL EFFICIENCY PROGRAMS

Low income households have barriers to participation that other households do not face due to their lack of income. Lack of income and greater financial opportunity costs means low income households often cannot participate in cost beneficial efficiency measures because they do not have the money to do so. Efficiency programs must recognize this reality.

It may be that some residential customers, as well as customers in other customer classes, may only need information about efficiency measures while low income customers may need the efficiency measures provided to them. This problem is related to and similar to the free rider problem noted by other commentors. Generally, an efficiency program should only give the minimal amount of information or subsidy necessary to bring about participation.

Another concern, although not completely unique to low income customers, is that low income customers are more likely to be renters. The situation where the landlord owns the equipment providing heat, hot water or electricity but the tenant pays the bills needs to be addressed

with creative programs. Many states, including Illinois, have addressed this problem.

THE COST BENEFIT ANALYSIS USED SHOULD ACCURATELY REFLECT PROGRAM SAVINGS

All the costs avoided when low income customers participate in energy efficiency programs should be computed. For low income households, some of these costs are unique.

Customers with the lowest income and highest energy usage contribute disproportionately to utility bad debt. This is only common sense. Reducing bills to affordable levels through energy efficiency programs targeted to these customers will yield quantifiable reductions in bad debt, to the benefit of the utility and all its customers.

Related to this factor is that when a bill becomes affordable, low income customers make greater payments on the remaining billed amounts. Not only is this common sense, but the demonstrated experience of the Percentage of Income Payment program that operated in Illinois in the 1980s. Studies of that program showed that households whose payment responsibility was decreased based on their percentage of income paid more of their total income than non-participant households as well as a higher percentage of the total bill.

A societal benefits test should be used. Included in those benefits are all the costs to society saved because reduced bills lead to fewer disconnections. The benefits to human health and safety as well as costs avoided (such as emergency responses to disconnection) should be included when evaluating efficiency programs.